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From: "Kevin Whitney"
Sent: Wed 6/18/2008 3:56:26 PM
Subject: additional project costs for Fuels 18 and 19
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This email represents my understanding of the resolution of budgetary issues involving Fuels 18 and 19. These issues were discussed among Wayne Petersen, Mike Wendling, and Jim Carter of Haltermann and Kevin Whitney of SwRI on May 20, 2008.

Fuel 19

There were three iterations of Fuel 19 as follows:

-- 1st hand blend iteration approved on 02/19/2008 by EPA and SwRI. Haltermann was unable to recreate this blend in bulk because the reported results from the approved hand blend were improperly determined by Haltermann.

-- "Adjustment Q" developed jointly by Haltermann and EPA.

-- "Adjustment R" developed jointly by Haltermann and EPA.

Based on Haltermann's quotation dated February 1, 2008, the first two iterations are included in the price of the fuel and the third iteration is billed **Ex. 4 - CBI**

In an attempt to determine if the existing bulk blend of Fuel 19 could be salvaged, Haltermann analyzed a 50/50 blend of bulk Fuel 19 and "Adjustment R". (Note that this blend was done at Haltermann's request and is not considered an iteration for the project.) The results of this experiment indicated that the bulk blend of Fuel 19 could not be salvaged, and would need to be disposed. In the spirit of cooperation and good faith, SwRI and Haltermann agreed to evenly split the cost of 1,609 unusable gallons of Fuel 19, which was valued at **Ex. 4 - CBI**. This results in a project cost **Ex. 4 - CBI**

Fuel 18

There were six iterations of Fuel 18 as follows:

-- Initial hand blend submission on 02/04/2008.

- Second blend submission on 02/12/2008.
- Third hand blend submission on 03/20/2008.
- "Adjustment A" developed jointly by Haltermann and EPA.
- "Adjustment B" developed jointly by Haltermann and EPA.
- "Adjustment C" developed jointly by Haltermann and EPA.

Based on Haltermann's quotation dated February 1, 2008, the first two iterations are included in the price of the fuel. The third and fourth iterations are billed **Ex. 4 - CBI**. All subsequent iterations are billed **Ex. 4 - CBI**. Please note that the third and fourth iterations of Fuel 18 were included in SwRI's cost estimate for Amendment 8.

Thus, SwRI estimates the following additional costs to the project:

Fuel 19 third iteration: **Ex. 4 - CBI**

Disposal of unusable Fuel 19 bulk blend: **Ex. 4 - CBI**

Fuel 18 fifth iteration: **Ex. 4 - CBI**

Fuel 18 sixth iteration: **Ex. 4 - CBI**

TOTAL: **Ex. 4 - CBI**

Regards,

Kevin Whitney.

Kevin Whitney

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